State of California

Employment Training Panel

Training Proposal for:

PC Specialist, Inc., dba Technology Integration Group

Agreement Number: ET09-0278

Panel Meeting of: **October 17, 2008**

ETP Regional Office: **San Diego** Analyst: J. Davey

PROJECT PROFILE

Contract Type: Priority/Retrainee

Industry Sector(s): High-Tech Services

Counties Served: Orange, San Diego

Repeat Contractor: ☒ Yes ☐ No

Union(s): ☐ Yes ☒ No

Priority Industry: ☒ Yes ☐ No

No. Employees in CA: 163

No. Employees Worldwide: 447

Turnover Rate %	Manager/ Supervisor %
24.3%	18.6%

FUNDING DETAIL

Program Costs	Substantial Contribution	Total ETP Funding
$200,646	$0	$200,646

In-Kind Contribution
$402,964

TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Average No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Priority/Retrainee	Business Skills, Computer Skills, Continuous Improvement, Manufacturing Skills, Advanced Technology	157	24 - 200 Weighted Avg: 71	0	$1,278	$13.37

Minimum Wage by County: $14.02 for Orange County; $13.37 for San Diego County

Health Benefits: ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: ☒ Yes ☐ No

$ .87 per hour may be used to meet the Post-Retention Wage.

Other Benefits: Employee Assistance Program, 529 college savings plan, short term disability, paid holidays and other paid time off, flex account.

Wage Range by Occupation	
Occupation Title	Wage Range
Administrative Staff	
Engineering Staff	
Information Technology Staff	
Manager/Supervisor	
Manufacturing/Operations Staff	
Marketing Staff	
Professional Services Staff	
Sales Staff	

INTRODUCTION

In this proposal, PC Specialist, Inc., dba Technology Integration Group (TIG) seeks funding for retraining as outlined below:

Founded in 1981 and headquartered in San Diego, TIG is a minority-owned, technology services company that provides computer, network, engineering, and refurbishment/re-use services to a wide range of mid-sized organizations such as healthcare, education, medical device, telecommunications, and state and local governments. Among the many products and services provided to its customers, each falls into one or more of the following three categories: technology based device refurbishment and contract manufacturing; computer systems design and integration, and professional technology services. The company meets the out-of-state

competition provisions outlined in Title 22, California Code of Regulations (CCR), Section 4416(d)(3,4) as a service provider that is deemed to have out-of-state competition.

Recently, TIG's customers in medical equipment/devices, telecommunications, and healthcare mandate that their service providers implement quality systems that meet the minimum requirements of ISO 9000 quality systems. TIG reports that it must possess established, quality systems in order to keep these existing customers and gain new business. For example, medical device customers require that TIG's production/refurbishing processes meet ISO 9000 quality standards to demonstrate adequate health and safety standards are used in making these products. Also, TIG's customers insist on quality IT and technical services throughout the lifecycle of their systems, often preferring third-party expertise to in-house IT services.

To address these challenges, TIG is implementing a company-wide initiative to become a high performance workplace, where frontline employees are equipped with a comprehensive set of skills in problem solving and decision-making that will result in increased productivity. Furthermore, TIG is also introducing a Life Cycle Services Model to provide "turnkey" solutions (ready for immediate use) for all phases of a company's technology needs. The implementation of the proposed training plan will allow TIG to monitor and analyze its ability to meet customer driven quality objectives and foster lifecycle service solutions to better serve customer needs and improve productivity across all three of its operating divisions.

Upgrades to existing software and the acquisition of new software technologies will be implemented over the next 3-8 months. These software applications include Repair Depot, Astea upgrades, enhancements to Forte, Microsoft Customer Relations Management software installation and other databases and internet based customer service portals. The company has committed $60,000+ in investment to upgrade and acquire new technologies and $170,000 toward the development and implementation of its quality management system.

PROJECT DETAILS

The company's quality initiative requires the development and implementation of new software solutions to meet the goals associated with its need to become ISO 9000 certified. New technologies will assist the company in its purchasing, materials management, refurbishment, manufacturing, sales, supplier management, professional services, and product solutions groups. Software solutions include customized software applications, such as new Astea applications and customized performance database systems. These technology improvements will help the company to measure and monitor performance outcomes, track defective merchandise, monitor re-work and offer enhancements to the company's current CRM solution. Training in these technologies will ensure that frontline employees are fully empowered to implement the quality initiative. CRM has created Quality Program Liaisons (QPLs) company wide who will help drive this effort and improve product quality and productivity. Advanced technology training for all QPLs will ensure that they are able to utilize software to capture and monitor performance data as a means for continuous improvement.

Business skills training will focus on methods of providing a higher level of customer service by increasing staff's sales capabilities. Training will include topics such as Customer Relations, Identifying Customer Needs, Business Performance, Lifecycle Solutions, and Project Management. In an industry where the majority of communication is driven by software applications, electronic communication systems, and internet data exchange email, it is essential that staff be positioned to thoroughly understand customer's needs and be able to match them to the range of product solutions that can support their long-term requirements. Techniques for handling customer complaints and returns are also included in this training area.

Computer Skills training include the pre-sales and Customer Relations Management (CRM) software systems which allows information sharing between departments and TIG customers. Training in software upgrades will also increase capacity, allowing staff to provide a quicker response time and comprehensive processes for the customer. Web portal software training includes the addition of Repair Depot, Client Management Suite and computer networking skills, LAN and switching skills to enable staff to improve service delivery. It also enables live interaction between TIG staff and the client, providing better customer service.

Continuous Improvement Skills are company-wide and critical for TIG to become a more efficient, cross-functional team-based workforce, and meet both internal and customer driven quality objectives. Staff from all customer-oriented and support focused business processes will receive training in this area. Training will include quality management system basics, workflow, process mapping, process improvements, quality objectives, measuring and monitoring, project management, internal audit, safety and risk management. Advanced ISO 9000 training will help manufacturing and professional services staff acquire the skills necessary to develop and work in a quality team environment, instill and support decision making and problem solving concepts and review current operations workflow in order to develop methods for streamlining internal processes.

Manufacturing Skills will enhance the manufacturing skills of its operations and production personnel. Skills associated with product assembly are essential to producing high quality products free from defects and that meet all customer requests. Personnel associated with warehousing, manufacturing practices, assembly procedures, reporting, operations, and productions will receive training to improve efficiencies and processes. These training efforts should not only improve productivity, but reduce re-work, product return, and increase customer satisfaction.

Advanced Technology (AT) - the company's engineering, project management, sales and telecommunications workforce demand a high degree of technical training. TIG currently offers some advanced technology training for professional services, managed services, and product solutions staff which includes engineers, project managers, business development personnel, and products experts. Continuous AT training in software, storage, and security are needed to compete effectively in this marketplace.

TIG is requesting AT reimbursement for training employees in new and upgraded software technologies in order to remain competitive. This training is designed to increase the productivity of trainees in high technology occupations such as those noted above. TIG reports that the types of training, provided by certified instructors, will cost from $60.00 to $150.00 per trainee hour. In addition, due to the complex nature of the material, training must be given in small classes with 10 trainees or fewer, thereby adding to the expense. The training requested at the AT rate includes Cisco Certified Voice Professional, Network Administration and Internet Expert training; Database Management, McAfee, and other specialized software applications.

Training will take place at four TIG facilities in Orange and San Diego counties.

Commitment to Training

TIG's ongoing training efforts include new hire training and orientation, basic and introductory product and services training, annual sales training, basic training for the customer service and response center personnel, internal communication system training, user conferences, compliance training including OSHA mandated safety training and third party vendor product training, and basic computer skills. Training has been provided for critical needs only, most

often on the job, unstructured, and unplanned. Most of the training in the past has been provided in-house. The training investment for professional services staff, engineers, sales, operations, and management personnel for 2007 totaled $402,964. TIG states that it is committed to training and educating its employees after the newly established ETP training program has been completed. TIG is also committed to continuing the quality and frequency of employee training activities at higher levels than in prior years. This training proposal will enable it to jump start its training and plan and organize it in such a way that it will be more proactive than in the past.

TIG represents that ETP funds will not displace the existing financial commitment to training. Indeed, TIG anticipates that the opportunity for enhanced training made possible by ETP funds, will encourage an ongoing financial commitment in this area.

TIG represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

Turnover Rate

The ETP program is designed to fund training for stable, secure jobs. Thus, the employer's turnover rate cannot exceed 20% annually for the facility where training is requested. But the Panel may accept a higher turnover rate if the employer provides evidence that the proposed training will significantly decrease the turnover, or if the employer experienced a recent significant reduction in force, or if industry data supports a higher turnover rate. ([Title 22, CCR, Section 4417(a)].)

If the Panel chooses to fund this training despite the company's high turnover rate, it may impose a penalty whereby failure to stay under a maximum rate will result in the loss of the final payment (25% of reimbursable costs).

For 2006, the company's turnover rate was 41.5%. In the previous year (2007 calendar year), the company experienced turnover at a rate of 24.3%. To date, the rate is 19.2% and is projected to be well over 25% at year-end.

TIG states that its turnover is typical for the industry and for the occupations of IT Technical staff and IT Sales in particular. Most of the other occupations within the organization are well below 20% annually. TIG reports that industry data, shows that IT professionals experienced turnover rates that range between 25% to 35% annually among Fortune 500 companies. Furthermore, TIG reports that IT Sales have turnover rates of nearly 40% annually.

TIG representatives further report that there are multiple reasons for high turnover among IT Technical professionals: changing job demands and skills, bidding for high-demand skills, job burnout, and a change from an internal culture to a market-driven/outsourcing culture of independent contractors. The primary reason for high turnover in IT Sales is a combination of lacking technical knowledge, and having poor communication skills. Finding and keeping qualified IT Sales staff is difficult.

Given TIG's turnover experience with IT occupations over the past two calendar years and its estimated year-to-date, it appears the company will need training to maintain turnover at less than 25%, which is well below the industry average. For this reason, staff recommends funding with a final payment penalty to be triggered if annualized turnover in the last 12 months of the Agreement exceeds 25%. This is consistent with prior proposals in which the Panel modified the turnover trigger in recognition of special industry needs.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal with a turnover penalty if the company exceeds 25% turnover rate in the final 12 months of the Agreement.

DEVELOPMENT SERVICES

The company retained Small Business Growth Institute in Hawthorne to assist with development of this proposal for a flat fee of $5,000.

ADMINISTRATIVE SERVICES

The company also retained Small Business Growth Institute to perform administrative services in connection with this proposal for an amount not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum

Class/Lab Hours

24 – 200 Trainees will receive any of the following:

BUSINESS SKILLS

- Customer Relations
- Handling Customer Requests
- Return Merchandise Authorization (RMA)
- Interpersonal Communication Skills
- Client Communication Skills
- Identifying Customer Needs
- Customer Complaint Management
- Advanced Product Knowledge
- Business Performance
- Lifecycle Solutions Development
- Professional Services Automation
- Project Management

COMPUTER SKILLS

- Networking
- Switching, Router, LAN/Wireless
- Depot Repair
- Client Management Suite
- Customer Relations Management Software (CRM)
- Astea (Field CRM software)
- Customized Database
- Statistical Performance

CONTINUOUS IMPROVEMENT SKILLS

- Introduction to Quality Management Systems (QMS)
- Quality System Essentials (QSE's) & Quality Concepts
- Business Process Mapping
- Mandatory Components of QMS Administration
- The Role of the Quality Program Liaison
- Quality System Reporting
- Introduction to ISO 9000: 2001 (not to exceed 8 hours)
- Complying with New Requirements under ISO 9000: 2008
- ISO Documentation
- Medical Device Standards
- Advanced ISO Compliance – Part 1
- Advanced ISO Implementation and Compliance – Part 2
- Supplier Management
- Preparing for ISO Certification
- Developing & Driving Organizational Quality Objectives
- Constructing Business Process Measurements

- Efficiency Reporting
- Corrective & Preventative Action
- Continuous Improvement
- Management Review
- Customer Satisfaction and Quality
- Managing Customer Audits
- Customer & Supplier Surveying
- Request for Corrective / Preventive Action (RCPA) Management
- Quality Tools
- Flowcharts & Pareto Tools
- Statistical Process Control
- Root Cause Analysis
- Introduction to Six Sigma
- Performance Management Alternatives
- Introduction to QM Auditing
- Lead Auditor Training
- Developing Audit Teams
- Audit Tools & Procedures
- Audit Reporting & Non-conformances
- Report Management & Corrective Acitons
- Project Management
- Process Improvement
- Statistical Process Improvement Quality Monitoring
- Functional Interactions & Reliances
- Performance Planning
- Leadership Skills

MANUFACTURING SKILLS

- Warehouse & Production Procedures
- Production Workflow and Cross-functional training
- Operations Workflow and Cross-functional training

ADVANCED TECHNOLOGY SKILLS

- McAfee
- Cisco Certified Internetwork Expert (CCIE)
- Enterprise Management Computer Storage Systems (EMC) software
- Virtualization Management Ware (VMWare)
- Database Management
- Linux Administration
- Red Hat (software)
- Cisco Certified Voice Professional (CCVP)
- Cisco Certified Network Associate (CCNA)
- Data Storage software
- PowerShell (software)
- Everdream Engineering (software)
- Symantec Altiris (software)